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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER

8-67438

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**REPORT FOR THE PERIOD BEGINNING 1/1/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Cabrillo Broker, LLC

OFFICIAL USE ONLY

FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4320 La Jolla Village Drive, Suite 300

(No. and Street)

San Diego, CA 92122

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ronald Borio

(619) 276-2501

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

BOROS &amp; FARRINGTON

(Name - if individual, state last, first, middle name)

11770 Bernardo Plaza Court, Suite 210, San Diego, CA 92128

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\* Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

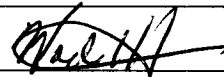
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2/24/12

## OATH OR AFFIRMATION

I, Wade Hansen, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Cabrillo Broker, LLC, as of December 31, 2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None



Signature

Managing Director

Title



Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation of Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

State of California )

County of San Diego )

## CALIFORNIA JURAT

Subscribed and sworn to (~~or affirmed~~) before me on this 20<sup>th</sup> day  
of February, 20 12, by Wade I Hansen

proved to me on the basis of satisfactory evidence to be the person~~s~~  
who appeared before me.

Signature Melissa Gadler-Hamm



Seal

### OPTIONAL INFORMATION

*Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this jurat to an unauthorized document and may prove useful to persons relying on the attached document.*

#### Description of Attached Document

This certificate is attached to a document titled/for the purpose of

Cabrillo Broker LLC  
Financial Statements and  
Independent Auditor's Report

containing \_\_\_\_\_ pages, and dated \_\_\_\_\_.

#### Additional Information

##### Method of Affiant Identification

Proved to me on the basis of satisfactory evidence:

☐ form(s) of identification    ☐ credible witness(es)

Notarial event is detailed in notary journal on:

Page # 4    Entry # 19

Notary contact: 619-997-1636

##### Other

☐ Affiant(s) Thumbprint(s)    ☐ Describe: \_\_\_\_\_

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# Boros & Farrington

CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Corporation

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11770 Bernardo Plaza Court • Suite 210  
San Diego, CA 92128-2424  
(858) 487-8518 • Fax (858) 487-6794

## SIPC Supplemental Report

Board of Directors  
Cabrillo Broker, LLC

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by Cabrillo Broker, LLC (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating the Company's compliance with the applicable instructions of Form SIPC-7. The Company's management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011 noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Boros & Farrington APC*

San Diego, California  
February 9, 2012

# **CABRILLO BROKER, LLC**

## **Determination of "SIPC Net Operating Revenues" General Assessment And Schedule of Payments Pursuant to SEC Rule 17a-5(e)(4)**

**Year Ended December 31, 2011**

Total revenue	\$760,393
Deductions	
Reimbursed expenses	<u>36,250</u>
SIPC net operating revenues	<u>\$724,143</u>
General assessment @ .0025	\$ 1,810
Less payments	
July 27, 2011	<u>(1,409)</u>
Assessment balance due	<u>\$ 401</u>

# **CABRILLO BROKER, LLC**

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# **Boros & Farrington**

CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Corporation

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11770 Bernardo Plaza Court • Suite 210  
San Diego, CA 92128-2424  
(858) 487-8518 • Fax (858) 487-6794

## **Independent Auditor's Report**

### **Cabrillo Broker, LLC**

We have audited the accompanying statement of financial condition of Cabrillo Broker, LLC as of December 31, 2011, and the related statements of operations, changes in member's equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cabrillo Broker, LLC at December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedule, Computation of Net Capital, is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Boros & Farrington APC*

San Diego, California  
February 9, 2012

# **CABRILLO BROKER, LLC**

## **Statement of Financial Condition**

**December 31, 2011**

### **ASSETS**

Cash	\$ 87,646
Accounts receivable	1,227
Due from affiliate	16,117
Prepaid expenses	1,345
Fixed assets	-
Total assets	<u>\$106,335</u>

### **LIABILITIES AND MEMBER'S EQUITY**

Liabilities	\$ -
Member's equity	<u>106,335</u>
	<u>\$106,335</u>

*See notes to financial statements.*



**CABRILLO BROKER, LLC**  
**Statement of Operations**  
**Year Ended December 31, 2011**

Revenues	
Investment banking fees	\$721,081
Reimbursed expenses	36,250
Interest and dividends	519
Other	<u>2,542</u>
Total revenues	<u>760,392</u>
Expenses	
Outside Services	441,356
Office expenses	15,408
Travel and entertainment	8,887
Regulatory fees	4,539
Depreciation	972
Other expenses	<u>4,800</u>
Total expenses	<u>475,962</u>
Income before income tax expense	284,430
Income tax expense	<u>(3,300)</u>
Net income	<u>\$281,130</u>

*See notes to financial statements.*

**CABRILLO BROKER, LLC**  
**Statement of Changes in Member's Equity**  
**Year Ended December 31, 2011**

Balance, beginning of year	\$ 16,283
Capital contribution	10,000
Distributions	(201,078)
Net income	<u>281,130</u>
Balance, end of year	<u>\$106,335</u>

*See notes to financial statements.*

# CABRILLO BROKER, LLC

## Statement of Cash Flows

Year Ended December 31, 2011

Cash flows from operating activities	
Net income	\$ 281,130
Adjustments to reconcile net income to net cash from operating activities	
Depreciation	972
Changes in operation assets and liabilities	
Accounts receivable	(1,227)
Due from affiliate	(32,454)
Prepaid expenses	<u>(1,345)</u>
Net cash from operating activities	<u>247,076</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	
Capital contribution	10,000
Distributions	<u>(201,078)</u>
Net cash flows from financing activities	<u>(191,078)</u>
Net increase in cash	55,998
Cash, beginning of year	<u>31,648</u>
Cash, end of year	<u>\$ 87,646</u>
Supplemental disclosure of cash flow information:	
Income taxes paid	<u>\$ 3,300</u>
Interest paid	<u>\$ -</u>

*See notes to financial statements.*

# **CABRILLO BROKER, LLC**

## **Notes to Financial Statements**

### **1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES**

**The Company.** Cabrillo Broker, LLC (the “Company”) is a Texas limited liability company.

**The Business.** The Company is a registered broker-dealer licensed by the United States Securities and Exchange Commission (“SEC”) and is a member of the Financial Industry Regulatory Authority. The Company provides investment banking services primarily to emerging and middle market companies. These services include consultation and assistance with private offerings of equity and debt securities, mergers, acquisitions, divestitures, joint ventures, and other corporate finance transactions.

**Accounting Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Revenue recognition.** Transaction fees are recognized as revenue upon completion of the transaction process. Advisory and consulting fees are recognized as the related services are rendered. Nonrefundable retainers are recognized when received. Costs connected with transaction fees are expensed as incurred.

**Income Taxes.** Income taxes, if any, are the liability of the individual member except for minimum state and local taxes.

**Fixed Assets.** Fixed assets are stated at cost less accumulated depreciation. Maintenance and repairs which do not extend asset lives are expensed as incurred. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, three years.

**Concentration of Credit Risk.** The company maintains a cash balance with a financial institution. Management performs periodic evaluations of the relative credit standing of the institution. The Company has not sustained any material credit losses from this instrument.

**Financial Instruments.** The carrying values reflected in the statement of financial condition at December 31, 2011 reasonably approximate the fair values for financial instruments. In making such assessment, the Company has utilized discounted cash flow analyses, estimates, and quoted market prices as appropriate. No allowance for potential credit losses was considered necessary at December 31, 2011.

### **2. RELATED PARTY TRANSACTIONS**

During the year ended December 31, 2011, the Company paid approximately \$89,000 to Cabrillo Advisors, LLC (a related party) under an expense sharing agreement.

### **3. NET CAPITAL REQUIREMENTS**

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital (as defined) and a ratio of aggregate indebtedness to net capital (as defined) not exceeding 15 to 1.

The Company's ratio at December 31, 2011 was 0.00 to 1. The basic concept of the Rule is liquidity, its object being to require a broker-dealer in securities to have at all times sufficient liquid assets to cover its current indebtedness. At December 31, 2011, the Company had net capital of \$86,143 which was \$81,143 in excess of the amount required by the SEC.

**4. INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS FOR BROKER DEALERS PURSUANT TO RULE 15c3-3**

The Company is exempt from Rule 15c3-3 under the exemptive provisions of paragraph (k)(2)(i) and, accordingly, has no possession or control requirements.

**5. COMPUTATION OF DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER DEALERS PURSUANT TO RULE 15c3-3**

Because the Company does not hold funds or securities for the account of any customers, as defined by Securities and Exchange Commission Rule 15c3-3, no reserve is required. Consequently, a reserve requirement was not calculated and a reconciliation to that calculation is not included herein.

\*\*\*\*\*

## CABRILLO BROKER, LLC

### Supplemental Schedule Computation of Net Capital Pursuant to SEC Rule 15c3-1

December 31, 2011

Total member's equity	\$106,335
Less non-allowable assets	
Accounts receivable	1,227
Due from affiliate	16,117
Prepaid expenses	<u>1,345</u>
Net capital before haircuts on security positions	87,646
Less haircuts on security positions	<u>1,503</u>
Net capital	<u>\$ 86,143</u>
Total aggregate indebtedness	<u>\$ -</u>
Ratio of aggregate indebtedness to net capital	<u>0.00</u>
Minimum net capital required	<u>\$ 5,000</u>

*Note: There are no differences between the net capital reported above and the net capital reported on form FOCUS X-17A-5 Part IIA as of December 31, 2011.*

**Independent Auditor's Report On Internal Control**  
**Required by SEC Rule 17a-5(g)(1)**

Cabrillo Broker, LLC:

In planning and performing our audit of the financial statements and supplementary schedules of Cabrillo Broker, LLC (the "Company") as of for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect

misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be a material weaknesses, as defined previously.

We understand that the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Buros & Fanning PC*

San Diego, California  
February 9, 2012



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**CABRILLO BROKER, LLC**

**Financial Statements  
and  
Independent Auditor's Report**

**December 31, 2011**

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**Boros & Farrington**

CERTIFIED PUBLIC ACCOUNTANTS

**CABRILLO BROKER, LLC**

**Financial Statements  
and  
Independent Auditor's Report**

**December 31, 2011**